



# **UNIVERSITY OF COLORADO SYSTEM**

*Boulder Colorado Springs Denver Health Sciences Center  
System Administration*

**FEBRUARY 2002 AMENDED VERSION**

## **UNIVERSITY OF COLORADO SYSTEM**

### **PERFORMANCE PAY PROGRAM**

### **IMPLEMENTATION PLAN**

**Submitted for Approval  
to  
Executive Director Troy A. Eid  
Department of Personnel & Administration**

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State Personnel *Director's Administrative Procedures* (Effective September 1, 2001)

# **UNIVERSITY OF COLORADO SYSTEM**

## **PERFORMANCE PAY PROGRAM**

### **IMPLEMENTATION PLAN**

#### **I. SCOPE AND NATURE OF IMPLEMENTATION PLAN**

This University of Colorado System's *Performance Pay Program Implementation Plan* is a systemwide framework submitted on behalf of the entire University system for approval by the State Personnel Director. This Plan also applies to state classified employees who are employed by the University of Colorado Hospital (UCH).

The University of Colorado System consists of four unique campuses and a coordinating system administration. The four-campus CU System constitutes a major institution of higher education in the State of Colorado, based on the number of students, the size of the operating budget, and other criteria.

The University's three general campuses are located in Boulder, Colorado Springs, and Denver. The Health Sciences Center is currently maintaining dual locations in Denver and in Aurora (HSC-Fitzsimons). The System Administration has multiple locations throughout the CU System. The University of Colorado Hospital is a distinct legal entity. However, there are classified employees at University Hospital who elected, during the 1991 separation of University Hospital from the Health Sciences Center, to remain in the State personnel system. University of Colorado Hospital personnel supervise these employees, but they are paid through the University's payroll system and the Health Sciences Center Human Resources Office tracks their performance plans and evaluations.

Each campus has a distinct role, vision, and strategic plan that is consistent with its statutory mission. The System Administration coordinates universitywide policy development and strategic initiatives and provides a variety of centralized support services to the campuses.

The Board of Regents, an elected governing board, oversees the University of Colorado System. The Board is charged constitutionally with the general supervision of the University and the exclusive control and direction of all funds and appropriations to the University, unless otherwise provided by law.

Within the policy guidelines established by the Board of Regents and executed by the University officers, faculty at each campus of the University provide undergraduate, graduate and professional education, conduct research, scholarship and creative work, and provide service to the University's multiple constituencies. The staff of the University - both exempt personnel and staff classified within the State of Colorado Personnel System - contribute significantly to the success of the University by providing essential support to teaching, research, and service programs as well as to the University's administrative and management functions.

The *University of Colorado System Performance Pay Program Implementation Plan* will be approved by the President and the chancellors of the four campuses. The “Supervisor Accountability Provision” of the plan has been adopted by the Board of Regents as a regents’ policy.

This plan was developed at the system level because system-level guidance - for various academic, fiscal, personnel, and facilities matters—is a long-standing organizational management approach at the University. In addition, certain aspects of the State’s Performance Pay System were judged to be best-implemented in a uniform manner throughout the CU System.

However, a broadly representative team, including employee stakeholders, advised and assisted in the development of the plan. This advisory group, the CU Performance Pay System Implementation Team, is chaired by a system-level officer (the Associate Vice President for Human Relations and Risk Management) and is comprised of the four campus human resources directors and the system-level Director of Human Relations, representatives from each campus’s elected classified staff governance group, a representative of the System Administration classified staff, a representative of the systemwide University of Colorado Staff Council, a representative of the systemwide Faculty Council, a representative of a campus faculty assembly budget committee, an academic department chair, a campus financial vice chancellor, two campus fiscal officers, a campus information analyst, and a representative from the now-concluded Administrative Streamlining Project (ASP) who represents the systemwide consolidated payroll/benefits service center. In addition, each campus chancellor has designated an appropriate advisory mechanism for the campus to make recommendations about aspects of PPS for which campuses have been delegated decision-making prerogatives.

Notwithstanding the systemwide collaboration and, in some cases, uniform implementation approaches across the system, ultimate responsibility for successful fulfillment of the University of Colorado System Performance Pay Program rests with the campus chancellors to whom the President has delegated appointing authority, including responsibility and accountability for successful implementation of the state-mandated pay system for classified staff. In the case of System Administration classified staff, the Associate Vice President for Human Relations and Risk Management is the officer responsible and accountable for implementation of CU PPP. Therefore, this plan provides the latitude for chancellors, with the concurrence of the Associate Vice President for Human Relations and Risk Management, to customize certain aspects of the University’s performance pay program in ways that serve their campus cultures and meet their campus human resources and management needs. For example, it would be within the delegated fiscal and personnel authority for the chancellor at each campus to develop campus-specific values for the percentages (X%, Y%, and Z%) that link the evaluation rating levels of employees at that campus to PPP awards.

While acknowledging the chancellors’ prerogatives, the CU Performance Pay Program Implementation Team nonetheless recommends to the University administration that the chancellors coordinate their performance pay guidelines during the initial implementation of the CU Performance Pay Program. This recommendation is made in order to achieve a reasonable standardization in rewarding classified staff.

This plan is considered to be a flexible document, subject to continuing evaluation and with the capacity for appropriate modifications that are justified by either the State or the University's analysis of initial implementation results. This plan also will be modified if the Executive Director of the Department of Personnel/General Support Services (DOP/GSS) promulgates changes to the statewide guidelines governing the Performance Pay System and/or adopts State personnel administrative procedures that will affect this plan.

Two policy statements - the "Supervisor Accountability Provision" and the "University of Colorado Dispute Resolution Process" - are of sufficient importance that they are reproduced as attachments to this plan (Attachments A and B).

## **II. IMPLEMENTATION GUIDELINES**

Consistent with the guidelines from the State Personnel Director, the University of Colorado System Performance Pay Program consists of three components: (1) performance management, (2) performance-based pay, and (3) dispute resolution. To ensure comprehensive implementation of the University's plan, the Board of Regents adopted, on January 18, 2001, the provision for supervisor accountability as a regent policy.

The University of Colorado System Performance Pay Program (CU PPP) is for permanent employees classified in the State personnel system (hereinafter referred to as classified employees for brevity). It has been developed in response to a State mandate and is consistent with the guidelines that were included in the State Personnel Director's report, *State of Colorado Performance Pay System* (August 31, 2000) that was submitted to the Joint Budget Committee.

This implementation plan, the CU performance management process, the *University of Colorado Performance Pay Program User Guide*, and all performance planning and evaluation forms conform to State of Colorado statutes, the State's Performance Pay System guidelines, and applicable rules and administrative procedures of the State Personnel System.

### **A. State Guidelines To Be Followed by State Agencies and Higher Education Institutions**

The overall design of the CU Performance Pay Program—including the University's performance management process that forms the basis for making performance awards—is consistent with the State guidelines that all agencies and higher education institutions must follow. In particular, the CU Performance Pay Program addresses the following state-mandated elements:

1. The inclusion of state-prescribed "core competencies" in every employee's performance plan and evaluation.
2. The use of four performance rating levels --- Level 1 (Unsatisfactory), Level 2 (Satisfactory), Level 3 (Above Standard), and Level 4 (Outstanding) -- beginning with the performance management cycle that started on March 1, 2001. Level 4 is intended to be unique and difficult to achieve because it represents consistently exceptional performance and achievement beyond the regular assignment.

3. The definition of specific actions to be taken if an employee is rated at Level 1: (Unsatisfactory).
4. The alignment of employee performance plans with the current University system vision and the vision and strategic goals of the respective campuses.
5. The guarantee, through a supervisor accountability provision, that all employees will be evaluated, in writing, at least annually based on job performance during the previous year.
6. A specific program to ensure that the mandated supervisory training is provided.
7. For supervisors who are classified staff, the inclusion in their performance plans of at least one distinct goal outlining supervisory duties, including an explicit definition of performance management responsibilities.
8. For all other supervisors, a specific discussion of the activities included in the supervision of classified staff as part of the process in which faculty expectations are discussed with the department chair and/or dean, or during the appropriate period in which annual performance planning for officers and exempt personnel occurs.
9. A supervisor accountability provision, adopted by the Board of Regents in January 18, 2001, to specify the sanctions that will be applied to supervisors – whether classified staff, faculty, exempt personnel, or officers – who fail to evaluate classified staff annually according to the deadlines of the CU PPP evaluation cycle schedule.
10. The application of any mandated salary adjustments<sup>1</sup> before the calculation of performance award amounts.
11. Compliance with the State regulations about the types of awards that may be provided and the values of the percentage increases. As illustrated in the table that follows, the State regulates the types of awards that are permitted based on the employee's performance rating level and the employee's salary relative to the maximum of the pay range for the employee's job classification:

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<sup>1</sup> Mandated salary adjustments include, and are applied in the order listed: system maintenance studies, upward, downward, or lateral movements; annual total compensation survey ("salary survey") adjustments.

**Table 1: STATE-DEFINED AWARD GUIDELINES**

Rating Level	Base Salary Relative to Pay Range Maximum	Award-Setting Percentages	Types of Awards Permitted		
			Base Building	Non-Base Building	Combination
Level 1	Below maximum	N.A.	Not eligible for award based on unsatisfactory performance	Not eligible for award based on unsatisfactory performance	Not eligible for award based on unsatisfactory performance
	At maximum	N.A.	No	No	No
Level 2	Below maximum	>0 to X%  <u>Institution may determine value of X%.</u> However, minimum award percentage for Level 2 must be greater than zero.	Yes	Yes (but cannot result in new base salary that exceeds pay range maximum)	Yes (but the combination of awards cannot result in a dollar amount greater than pay range maximum)
	At maximum	N.A.	No	No	No
Level 3	Below maximum	>X% to Y%  <u>Institution may determine value of Y%.</u> However, minimum percentage for Level 3 must be greater than maximum for Level 2	Yes	Yes (but cannot result in new base salary that exceeds pay range maximum)	Yes (but the combination of awards cannot result in a dollar amount greater than pay range maximum)
	At maximum	N.A.	No	No	No
Level 4	Below maximum	>Y% to Z%  <u>Institution may determine value of Z%.</u> However, minimum percentage for Level 4 must be greater than maximum for Level 3 and cannot exceed maximum value of Z% determined by State Personnel Director	Yes	Yes (and may result in a dollar amount above the pay range maximum)	Yes (and may result in a dollar amount above the pay range maximum)
	At maximum	>0 to Z%	No	Yes	No

**B. Elements That May Be Defined at the University's Discretion**

For those elements that may be developed at the discretion of an agency or higher education institution's, the University either (1) has established a CU policy at the system level, e.g., the decision to implement a uniform numeric rating scale across all campuses; or (2) has delegated the discretion to the campuses with guidelines provided by the System Administration.

1. Elements That Are Uniform across the University System

The CU Performance Pay System Implementation Team has recommended that the following elements be implemented in a standard manner at all campuses within the CU System:

- a) Plan Submission—The University is submitting a single implementation plan, on behalf of all four campuses and the system administration, for State of Colorado approval.
- b) Performance Evaluation Cycle—The annual performance planning and evaluation cycle will be consistent across the University system. The uniform annual performance planning and evaluation cycle schedule is a March-to-February performance evaluation period.
- c) PPP Phase-In— All campuses have followed a March-to-February performance cycle since March 1, 2000, after the campuses and the system administration closed out PACE in August-September 1999. All campuses completed performance evaluations no later than April 1, 2001 for the cycle that ended February 28, 2001. However, no PPP awards resulted from that cycle (in accordance with State guidelines).
- d) Performance Planning and Rating Form—A uniform performance planning and evaluation form will be used systemwide. The uniform performance planning and evaluation form incorporates the “core competencies” that have been defined by the State Personnel Director.
- e) Performance Evaluation Rating Scale—A standard performance rating scale will be applied consistently across the University system. The University has adopted a 100-400 point numeric rating scale.
- f) 360° Evaluations—A formal 360° evaluation process will not be implemented at this time.
- g) Dispute Resolution Process—A uniform Dispute Resolution Process will be followed systemwide and the campuses may not modify the process. (For details, see Attachment B.)
- h) Performance Evaluation Entries to Payroll System - Campus and System Administration units may enter both the numeric score achieved (between 100 and 400 points) and the descriptive rating (Level 1, Level 2, Level 3, or Level 4) in the human resource database.
- i) Compensation Objectives—Systemwide objectives will be considered when determining PPP awards (see Attachment C). In the initial year, a common criterion at all campuses will be to award base building increases to the extent permitted within the State guidelines (see Table 1). However, the University will re-examine this objective in subsequent years.
- j) Salary Survey —Employees’ base salaries will be adjusted for salary survey increases, when applicable, prior to calculation of any PPP awards.

## 2. Elements for Which Campus Discretion May Be Exercised

Certain CU PPP elements have been recommended for implementation as campus prerogatives -- with system-level guidance -- to serve the unique culture and management needs of each campus.

To ensure that any campus-customized elements reflect the intent of the systemwide CU PPP implementation plan and remain compliant with statewide requirements, any campus-unique modifications must be approved by the Associate Vice President for Human Relations and Risk Management.

- a) Modifications to the Performance Management Process—with the exception of the “Supervisor Accountability Provision” that was adopted as regent policy and the uniform “Dispute Resolution Process,” campuses may request approval to modify the prototype performance management process (referred to internally as “CU Performance Management”). However, such modifications may not conflict with the basic structure and intent of the prototype systemwide performance management process.
- b) Modifications to the “Performance Planning and Evaluation Form” and/or “User Guide”—Campuses may request approval to modify the standard version of the performance planning and evaluation form, and/or the prototype User Guide, provided such modifications do not conflict with the basic structure and intent of the prototype systemwide form
- c) Team Performance Plans and Ratings—The University will not implement team ratings and/or team awards on a systemwide basis because performance pay should first be implemented as comprehensively as possible for each individual classified staff member before team performance planning, evaluation and awards are implemented. However, individual supervisors may include team-oriented competencies and behaviors as one of the measurable objectives in an individual employee’s performance plan. Also, campuses may request approval to implement team performance plans and rating processes as “pilots,” in selected units at any level, as an optional element of the campus performance management process.
- d) 360° Evaluations—The University acknowledges the suggestion from the State Personnel Director that “multi-source assessment process, where feasible, should be considered for evaluating employees.” However, an authentic 360° evaluation system for application throughout the University has not yet been developed. Therefore, campuses may “pilot” 360° evaluations at any level, but are not required to so at this time.
- e) Performance Pay Awards—Each campus chancellor may exercise his/her delegated personnel authority and budget flexibility to establish campus-specific guidelines for the percentage aspects of PPP awards described in Table 1 that are at the discretion of the agency or higher education institution. That is, flexibility to determine the values of the percentage increases for Level 2 (X%, which must be greater than 0),



Level 3 (Y%, which must be greater than X%), and Level 4 (Z%, which must be greater than Y% and cannot exceed the maximum value determined by the State Personnel Director).

- (f) Training Materials—Campuses must provide mandatory supervisor training programs, but may select the media and customize the training materials to best serve the learning styles and information needs of supervisors at the individual campus.

### 3. Elements Under Review for Possible Future Implementation

- a) Gainsharing— Gainsharing will not be implemented at either the systemwide or campus levels at this time. However, the University will continue to study factors necessary for successful gainsharing.
- b) Non-Monetary Awards—At this time, the University will not adopt a uniform requirement for the use of non-monetary awards across the system as a supplement to performance-based awards. However, campuses may continue to utilize, as appropriate to the individual performance context and achievements, existing flexibilities in the State Personnel rules and procedures and/or State Fiscal Rules regarding granting non-monetary awards to employees. The University will continue to study advantages and disadvantages (e.g. tax implications) of non-monetary awards as well as the types viewed by employees as most motivational and rewarding.

## **III. MANAGING PERFORMANCE AT THE UNIVERSITY**

### **A. General Outline of the Performance Management Process at the University of Colorado**

The University's process for managing classified staff performance -- referred to internally as "CU Performance Management" -- is a comprehensive performance planning and evaluation system that is active throughout the entire year, not merely at a single point in time when an employee is evaluated. It is a collaborative enterprise that engages supervisors and employees in mutual dialogues through which performance goals and expectations are developed. It provides a linkage between an employee's performance and any individual PPP awards for which s/he may be eligible, although no PPP awards are guaranteed. As indicated previously, a campus may make approved modifications to aspects of this prototype performance management process (with the exception of the Supervisor Accountability Provision, the Dispute Resolution Process and the use of the 100-400 point rating scale) and/or may customize the prototype planning, coaching and evaluation forms to increase managerial flexibility.

However, no campus changes have been proposed that would materially alter either the scope or the intent of the systemwide CU performance management process. The performance management system at every campus consistently includes:

1. Performance Planning: A planning session between the supervisor and employee near the beginning of the performance cycle to create performance expectations and a performance plan that is consistent with the Position Description Questionnaire (PDQ) and linked to the mission of the unit and the strategic goals of the campus and; to identify what to assess and whether to use subjective or objective assessments; and to establish the assessment tools and measurement standards
2. Coaching: At least one documented Coaching and Progress Review session, including adjustment of the plan, if appropriate, is mandatory.
3. Performance Evaluation (Rating): A process that includes supervisor and employee preparation for the performance appraisal; supervisor completion of the performance evaluation form and accompanying narrative comments; a formal evaluation session with discussion of the rating between the supervisor and employee; and signoff on the evaluation by the employee and supervisor.
4. Review of the rating recommended by a supervisor: The supervisor's (rater's) evaluation of an employee's performance must be reviewed by the individual at the next-higher level in the chain of command before it is communicated formally to the employee.
5. Dispute Resolution Process: A formal review process for those items that may be disputed and suggestions for preliminary steps to avoid disputes.
6. A general description of how the performance awards decisions will be made.

#### **B. Linkage of the Performance Management Process to the University's Mission and Strategic Goals**

The President, in consultation with the chancellors, articulates a vision for the University of Colorado System and each campus (as well as the System Administration) develops goals and strategies to achieve this systemwide vision.

The CU performance management process explicitly links an employee's performance plan to the University's strategic vision by aligning the employee's performance goals with the campus goals. This alignment enables supervisors to measure an employee's performance contributions not only in terms of skills, competencies, and outcomes and how his/her individual position contributes to achieving the goals of the work unit, but also in terms of a positive contribution to the strategic direction of the campus.

The appropriate campus mission statement (or, for System Administration, its role statement), as well as the most current campus strategic goals, will be preprinted on the "Performance Planning and Evaluation" form to facilitate making this linkage.

### C. CU Performance Planning and Evaluation Cycle

All University classified staff employees will be evaluated, in writing, at least annually based on their job performance during the previous year. The evaluation cycle is uniform systemwide and is displayed in the table below. In the case of new employees, whether by new hire, promotion or transfer, the supervisor must meet with the employee to develop a performance plan within 30 calendar days of the hiring, transfer or promotion date.

**Table 2: UNIVERSITY PERFORMANCE MANAGEMENT CYCLE**

Date	Cycle A	Cycle B
March 1	Performance Evaluation Period Begins	
March 1-31	Meetings between supervisors and employees to develop individual Performance Plans.	
March 31	Suggested date by which Performance Plans in place	
Prior to the end of the evaluation period	Mandatory Coaching session	
Prior to the end of the evaluation period	Progress Review(s)	
Last Day of Following February	Performance Evaluation Period Ends	
March 1		New Performance Evaluation Period Begins
March 1-31		Meetings between supervisors and employees to develop individual Performance Plans for Cycle B
March 31		Suggested date by which Performance Plans in place for Cycle B
No later than April 1	Performance Evaluations for Cycle A Completed	
July 1	PPP Awards Payout for Cycle A	

### D. Performance Management Forms

The University has designed three standard forms for use universitywide to document performance management activities by supervisor and employee:

1. Planning Evaluation Form—This form documents each step of the performance planning and evaluation process, including recording the performance goals and/or objectives, determining the measures of results, and assigning relative weights to each goal and/or objective. This form contains the 100-400 point rating scale and indicates that range of points that result in each of the rating levels. The form includes space to document all

relevant sessions that include the employee and supervisor and requires signatures of both the employee and supervisor at each step of the performance management process. The form also documents the next-level review and the employee's agreement or disagreement with the plan and/or the final overall performance evaluation rating. This format also incorporates the uniform core competencies, defined by the State Personnel Director and which must be included in every classified employee's performance plan.

2. Mandatory "Coaching and Progress Review" form.
3. Dispute Resolution Process "Request for Internal Review" form.

## **E. CU Performance Rating Scale**

The University examined the relative merits of quantitative and qualitative rating scales when it made the initial transition from PACE to the now-obsolete Colorado Peak Performance and determined that use of a quantitative scale would facilitate this transition. Based on apparent initial success with a quantitative scale, the University will continue to use a numeric rating scale and this scale will be identical at all campuses. No rating system is perfect nor can subjectivity be totally eliminated. However, the University believes that, especially in the early years of implementation, performance factors can be more easily, consistently, and equitably anchored to a numeric scale.

## **F. CU Performance Rating Levels**

Beginning with the March 2001 through February 2002 cycle, performance plans will be developed and evaluations conducted using four performance levels<sup>2</sup>. A 100-400 point rating scale will be employed and is preprinted on the performance planning and evaluation form. The numeric scale specifies the sub-ranges within the scale that convert to state-defined performance rating levels, as follows:

Level 1	Unsatisfactory	100-180 points
Level 2	Satisfactory	181-280 points
Level 3	Above Standard	281-360 points
Level 4	Outstanding	361-400 points

The University will not direct any campus as a whole, or any specific campus unit, to determine employee ratings according to a quota or forced distribution of ratings, i.e., to achieve a predetermined number of employee ratings at each performance level.

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<sup>2</sup> For the historical record: The University approached the determination of rating levels differently for the performance evaluation period March 2000 through February 2001. That cycle used a 100-300 point scale and three rating levels when developing employee performance plans because, at the time (March 2000), it was anticipated that the State would continue a three-tier system, similar to Colorado Peak Performance. However, when the state developed the rules and procedures to require four rating levels, the University mapped the February 2001 evaluation results to the four-level system as follows: 100 to 175 points earned Level 1, 176 to 228 points earned Level 2; 229 to 270 points earned Level 3, and 271 to 300 points earned Level 4.

## **G. Independent Review of Ratings for Quality Assurance**

Each campus and the System Administration already have a chain-of-command review process in place for all personnel actions. This process normally provides review at the next appropriate level above the supervisor, but the review function may be delegated as appropriate. The chain-of-command review of the rating recommended by the supervisor will occur before the final overall performance evaluation and rating is discussed formally with an employee. This does not preclude preliminary discussion of the proposed rating between the supervisor and the classified staff employee and, in fact, such informal discussion will be encouraged.

The chain-of-command review process is interpreted as an opportunity to identify and minimize procedural errors which otherwise could result in a plan, final overall performance evaluation, or rating being questioned and a formal review being requested for those items which the State Personnel Director has defined as disputable.

The chain-of-command review process is not interpreted to be a means of adjusting ratings for reasons of funds availability, forced distributions, or any other factor that is not directly related to the appropriateness and completeness of the performance planning and evaluation process.

## **IV. SUPERVISOR ACCOUNTABILITY**

### **A. Mandatory Supervisor Training**

The University has developed a detailed training program to comply with the mandatory supervisory training requirement of the State Performance Pay System. Supervisors will be required to participate in either on-line training (Web based modules), campus-based classroom instruction, or self-directed review of instructional materials.

#### **1. Web-Based “Core Concepts” Training for Supervisors**

CU PPP training for supervisors at all campuses of the University will be available through a self-paced, modular, web-based training program available at any time to persons using desktop computers for access. The web-based training will present instruction about “core” concepts of performance management and the CU Performance Pay Program and will provide competency testing to assist individuals in assessing their progress. The course content may be studied in modules and completed as time permits so that pacing will be at the individual’s speed. The log-on I.D. required to enter the web site will provide a verifiable record that a supervisor had accessed the training.

#### **2. Additional Training Opportunities for Supervisors and Employees**

The University foresees that individual and group training will continue as it has in the past, using regularly scheduled classroom training, one-on-one training upon request of

organizational units, access to printed materials, and customized, in-depth training about specialized topics related to performance management, e.g., writing goals and objectives

In addition, classroom-based training will remain the sole training delivery mode for non-English speaking supervisors and employees.

## **B. Completion of Supervisory Duties Related to the CU Performance Pay Program in a Timely Manner**

On January 18, 2001, the Board of Regents of the University of Colorado adopted a “Supervisor Accountability Provision” as Regent Policy 11.F.3 and demonstrated the governing board’s support of the State requirement that all supervisors perform the responsibilities associated with the performance pay program in a timely manner that does not disadvantage the employee supervised.

The Board-approved “Supervisor Accountability Provision” applies to all supervisors – whether classified staff, exempt personnel, faculty, or officers. It requires that:

1. All supervisors should have a provision or “factor” in their own performance plans that measures and evaluates the effectiveness of their performance management of subordinate employees and that fulfillment of supervisory activities shall be reflected in the performance evaluations of supervisors.
2. Supervisors’ successful completion of performance management activities within the timelines of the University’s performance management cycle will be tracked.
3. Sanctions will be applied to non-compliant supervisors.

Specific steps in the tracking process, deadlines, and details of the sanctions are described in the complete document that is provided as Attachment A to this plan.

## **C. Employee “Fail Safe” if Supervisor Fails to Perform Performance Management Duties**

The University believes that an employee deserves to be evaluated upon actual performance, and should not be disadvantaged by the supervisor’s failure to comply with the statutory requirements of the State performance pay system.

If a supervisor fails to plan and/or evaluate an employee’s job performance, the supervisor is subject to application of the sanctions described in the “Supervisor Accountability Provision,” and the next-higher level superior is responsible for completing the plan and/or final overall performance evaluation. This responsibility will be transferred upward through as many successive levels of the organization as are necessary to ensure that an annual evaluation is completed and an “earned” rating is assigned prior to June 1 each year. However, if a performance evaluation is not completed within the specified time, the employee will be given a default rating of Satisfactory (Level 2) pursuant to procedures

established by the State Personnel Director.

As the responsibility is transferred upward through the organization, any cognizant individual at a successively higher level who also fails to complete the evaluation also shall be subject to the sanctions contained in the “Supervisor Accountability Provision.”

(Lacking any other performance-related information, if a higher-level supervisor must provide the performance rating -- in lieu of the more-qualified rater (the immediate, but non-compliant, supervisor) – s/he may take into consideration the employee’s prior performance rating, especially if the prior rating was higher than Level 2.)

## **V. CONSEQUENCES FOR EMPLOYEES RECEIVING AN UNSATISFACTORY (LEVEL 1) RATING**

If a classified employee receives a final overall performance evaluation of “Unsatisfactory “ (Level 1 rating), the appointing authority has the following options: (1) a performance improvement plan or (2) an immediate corrective action (State of Colorado, *Rules and Director’s Administrative Procedures, P-6-4*). Any corrective action shall be in compliance with the state personnel administrative rules in effect at the time.

### **A. Improvement Plan**

An improvement plan is not considered a corrective or disciplinary action.

If an improvement plan is provided to the employee rated at Level I for the prior evaluation period, it will contain specific actions and behaviors that the employee is expected to demonstrate, consequences for failing to meet these expectations, specific target and checkpoint dates, etc. The improvement plan must be achieved within a reasonable length of time and that must be documented by a reevaluation. If the expected improvement is not achieved, a corrective action will be issued.

### **B. Corrective Action**

In the case of proceeding immediately to a corrective action, the University will comply with the appropriate State Personnel Rules, including notification of his/her grievance rights.

## **VI. PERFORMANCE-BASED PAY**

### **A. Policy Considerations**

See Section II.B.1(i) and II.B.2 (e).

## **B. Budgeting Funds for Performance Awards**

Colorado public colleges and universities do not receive a line-itemed appropriation (the so-called “central pots” funding) for any mandated classified staff salary expenditures such as salary survey adjustments, anniversary increases, or performance pay awards.

Instead, the University must budget an amount at each campus sufficient to meet State requirements for classified staff costs and generate enough revenue (from general funds, tuition, and other cash sources) to cover these expenses.

The University will budget a total amount at each campus for CU PPP awards that is consistent with the state guidelines for any given fiscal year. It is anticipated that the State will require the budgeted amount for FY02-03 (the initial year of performance awards effective July 1, 2002) to be “cost neutral” – that is, to be the same amount that otherwise would have been budgeted at the campus if anniversary increases had continued beyond June 30, 2002.

The University has communicated to its classified staff employees that all performance awards are subject to available funding and no award will be guaranteed.

## **C. Determining the Values of X%, Y% and Z%**

The values of X%, Y%, and Z% will be determined after the results of the performance ratings for the most recent evaluation cycle are available and according to the following steps:

1. Determine the cost neutral funds available for allocation as performance awards;
2. Determine the distribution of actual employee performance ratings at each rating level;
3. “Fit” the ratings distribution to the cost neutral funds, thereby determining the values of X% and Y% and Z% that can be used to determine performance awards without exceeding the cost neutral total funds available.

## **D. Individual Performance Awards**

Individual performance awards—whether base and non-base building—will be expressed as a percentage of salary and will be effective on the statewide common date of July 1.

Individual awards will subject to the following state requirements:

1. Mandated Base Salary Adjustments—As stated previously, an employee’s base salary will be adjusted for any applicable mandated increases before the performance award percentage is applied. The test to determine if the employee is below or above the pay range maximum (see Table 1) will be based on the adjusted base salary.



## 2. Award Limitations

- a) No base building award may be granted that results in a base salary that exceeds the pay range maximum.
- b) For Level 2 and Level 3 performers, a combination of awards cannot be granted that result in a dollar amount greater than the pay range maximum.
- c) Only Level 4 performers, at the sole discretion of the appointing authority, may be granted a non-base building award that results in a dollar amount above the pay range maximum.

## 3. First Year Annualization

In compliance with the State requirement for the initial year of performance pay awards (FY02-03), the University will adjust or “discount” the absolute award percentage received by each employee. This adjustment will occur on an employee-by-employee basis and will be based on the employee’s anniversary date (or, if employed after July 1, 2001, the employee’s service date).

## **F. Award Notifications to Employees**

Consistent with the statewide PPP guidelines, the University will provide each classified employee with written notification of his/her PPP monetary award, if any, expressed as a percentage of his/her salary. The notice will indicate whether the award is base building, non-base building or a combination; and, in the case of base building awards, the amount of the new (increased) monthly salary effective July 1.

## **G. Payment of Awards**

Any base building performance awards will become a permanent increase to the employee’s monthly salary and will be reflected beginning with the July 2001 paycheck.

The University will pay any non-base building performance award (or the non-base-building portion of a combination award) as a lump sum payment no later than July 31.

If an employee terminates employment with the University prior to July 1, any base or non-base building award will be forfeited.

The University will withhold all normal deductions (including the employee’s PERA contribution) and taxes from both types of awards. The University and its classified employees understand that both base-building and non-base building awards will be counted by the Public Employee’s Retirement Association (PERA) in the computation of the employee’s Highest Average Salary.

## VII. DISPUTE RESOLUTION

The University acknowledges that the State Personnel Director retains jurisdiction for disputes related to performance evaluations that do not result in corrective or disciplinary action and that the State Personnel Director has developed a formal Performance Pay dispute resolution process, including establishment of timelines regarding the deadlines for filing and completion of the process.

The University's Dispute Resolution Process will be uniform at all campuses and may not be modified. The process, described in detail in Attachment B, specifies all aspects of the internal review stage, including time limits for filing written requests, who will review and decide disputed issues, and time limits for the appointing authorities (or designees) to issue written notice of the decisions—as well as information about the conditions under which employees may advance disputes for external review by the State Personnel Director. Campuses may choose to pre-print the major steps and deadlines of the Dispute Resolution Process on the “Planning and Evaluation” form.

The University's formal dispute resolution process includes two stages—the first stage is internal to, and conducted by, the University; the second stage is external and conducted by the Department of Personnel (DOP). The University's process makes clear which types of decisions are final upon completion of the internal stage.

Highlights of the University's “Dispute Resolution Process” include:

1. Explicit encouragement of informal resolution of disputes at the lowest level, preferably between the employee and the supervisor prior to, and without the need for recourse to, the formal internal process.
2. Explicit requirement that all reviews and decisions be open and impartial and that the parties are allowed an opportunity to have issues heard and expressly prohibits retaliation against anyone involved in a dispute.
3. Clear definition of the types of issues that are and are not disputable.
4. A provision of the internal dispute resolution process to ensure that the employee is notified, at the time of his/her final overall performance evaluation, about the internal dispute process (including timelines and the name or position of the appointment authority (or designee) who will review the dispute).
5. Clear specification that final resolution of issues concerning the individual's performance plan (or lack of plan) and the individual's final overall performance evaluation shall occur at the internal level and that employees will have no further recourse for resolution of these disputes.
6. Clear specification that appointing authorities or their designees will resolve the disputes and provision for appointing authorities to delegate this authority in writing and in advance of the evaluation cycle (i.e., prior to March 1 annually).
7. Clear explanation of the prerogatives appointing authorities (or their designees) may exercise: e.g., instruct raters to follow the department or higher education institution program, correct errors, reconsider a performance rating or plan, suggest other

appropriate processes such as mediation, etc.) Clear explanation, as well, of the limits on their actions: e.g., that they must address only facts surrounding the current action, may not substitute their judgment for that of the rater and reviewer, cannot render a decision that would alter the department or higher education institution performance pay program, etc.

8. Explicit directions that employees are given written notice that they may, after completion of the internal process, submit a written request to the Director (external process) provided it concerns the application of the department or higher education institutions' performance pay program or full payment of a reward (if relevant). Notice is defined to include deadlines for filing; a list of what must be included in the request, and the address for filing.
9. Clear explanation of how external review by the State Personnel Director can be pursued, including deadlines for making a written request, supporting documentation needed, and clarification that only disputes concerning application of the department or higher education institution's performance pay program, policies or processes, or full payment of a reward (if relevant) may proceed to the Director (external process) and only after completion of the internal process.
10. Reinforcement that only issues originally presented in writing shall be considered throughout the dispute resolution process, at either the internal or external level.
11. Clear explanation that no parties have an absolute right to legal representation, but may have an advisor (as defined by the State Personnel Director) present, and are expected to represent and speak for themselves.

## **VIII. QUALITY ASSURANCE**

As necessary, a systemwide group of university officers will be designated to review the quality of the University's Performance Pay Program, including an analysis of the distribution of performance ratings and performance awards within the University.

## **IX. RECORD KEEPING AND REPORTING RESULTS**

### **A. Quantitative Information**

The University will collect sufficient data to be able to evaluate the effectiveness of the CU Performance Pay Program, to monitor its compliance with statewide guidelines and to report, for the CU System as a whole, appropriate quantitative information requested by the State Personnel Director about supervisor training, employee performance rating, performance awards, or dispute resolution

### **B. Qualitative Outcomes Evaluation**

The University acknowledges the program evaluation strategies recommended by the State Personnel Director, such as surveys to measure improved quantity and quality of performance, improved "stakeholder" (employee, supervisor, and management) satisfaction, improved customer services, positive cost/benefits, and improved employee retention. The

University will study the various qualitative tools that it might employ to meet this evaluation expectation.

**C. Reports to the Governing Board and the University Community**

The University will report the overall PPP awards distributions for each campus and for the CU system as a whole to its Board of Regents, in the format requested by the governing board, to assist the Board in its fiduciary responsibility.

The University also will employ the appropriate communication tools to inform the University community about the overall results of each CU PPP performance management cycle.

**UNIVERSITY OF COLORADO SYSTEM  
PERFORMANCE PAY PROGRAM  
SUPERVISOR ACCOUNTABILITY PROVISION**

**UNIVERSITY OF COLORADO  
PERFORMANCE PAY PROGRAM**

**SUPERVISOR ACCOUNTABILITY PROVISION**

The State of Colorado Performance Pay System for classified employees expects that supervisory accountability will be a part of each agency or higher education institution's performance pay program. The recommended accountability provisions are: to list and to apply sanctions for noncompliance. The State guidelines stress that every supervisor of classified staff is to be held accountable for complying with the performance pay system, and that this concept is particularly important in higher education institutions where the supervisor may be another classified staff employee, but frequently is a faculty member, officer, or exempt employee.

**I. ASSUMPTIONS AND GUIDING PRINCIPLES:**

- A. All supervisors of classified staff at the University of Colorado are responsible for completing performance plans, conducting at least one performance coaching session, and completing a written performance evaluation annually for each classified staff employee they supervise.
- B. For purposes of this provision, "supervisor" shall mean that individual who has been designated within the academic or non-academic unit (the "unit") to carry out the performance planning, coaching, and evaluation duties for a particular classified staff employee. There may be multiple supervisors within a unit based on the number of classified staff employees and the organizational structure of the unit.
- C. Based on the needs of the unit, a supervisor may be selected from any personnel category at the University: faculty, officers, exempt personnel, or classified staff. At the Health Sciences Center, supervisors may also include employees of University Physicians, Inc. or of University of Colorado Hospital. In some special cases, employees of other entities affiliated with the University of Colorado may supervise the University's classified employees.
- D. Successful fulfillment of supervisory responsibilities, especially the completion of the performance management activities outlined in I.A, shall be reflected in the performance evaluations of any individual who supervises classified staff employees as follows:
  - 1. Classified Staff Supervisors: It should appear as a distinct goal or objective in the performance plans of any supervisor who is a classified staff employee.
  - 2. All Other Supervisors: It should constitute an explicitly discussed consideration in performance expectations for any faculty member, officer, or exempt staff member who is a supervisor of classified staff.

**II. PROCESS FOR TRACKING SUPERVISORY COMPLIANCE**

- A. The Tracking Process Is Related to the University's Annual Performance Management and Performance Award (Pay) Cycle
  - 1. Beginning July 1, 2001\*, classified staff will no longer receive automatic salary increases on "anniversary of service" dates specific to each employee and scattered throughout the year. Rather, classified staff salary increases will become uniformly effective for all eligible staff on July 1 of each year. Eligibility will be determined, in part, based on an annual written evaluation of the classified staff employee's performance, rather than length of service.

\* Subsequent to adoption of this policy by the Board of Regents, anniversary increases were continued by the State for another year -- through June 30, 2002.

In light of these changes, it is essential that annual performance evaluations of classified staff be completed by supervisors in a timely and uniform manner university-wide. Therefore, a uniform process for tracking supervisory compliance -- with the pay for performance program duties described in I.A -- will be followed at all campuses and the system administration of the University. (At the chancellor's discretion, individual campuses may include additional procedural steps provided they are performed within the schedule defined for the tracking process in II.B.2.)

2. The timeline for initial implementation of the classified staff pay for performance cycle is:
  - March 31, 2001: Deadline by which performance plans for all classified staff must be in place for the evaluation period March 1, 2001 through February 28, 2002.
  - April 1, 2001: Deadline by which performance evaluations for the previous period March 1, 2000 through February 28, 2001 must be completed, reviewed at the next highest level in the organization, and submitted to the campus Human Resources department.
  - July 1, 2001\*\*: Date on which any performance pay award is effective if a classified staff employee is eligible, based on the result of the performance evaluation, applicable State and University compensation policies, and availability of funds.

B. Steps in the Process for Tracking Supervisory Compliance

1. Specifying the expected duties of individuals who supervise classified staff
  - a. Classified Staff Supervisors: The performance plans of all supervisors who are classified staff shall contain at least one distinct goal or objective outlining supervisory duties, including an explicit definition of the performance management responsibilities outlined in I.A above.

Between March 1 and March 31 each year, campus Human Resources offices shall verify (according to a process determined by the campus) that the performance plans of all classified staff supervisors contain a goal or objective concerning responsibilities under performance management. The campus Human Resources departments will notify the appointing authority for the academic or non-academic unit if any classified staff supervisor's performance plan needs to be modified to include this explicit supervisory objective.
  - b. All Other Supervisors: Specific discussion of the activities included in the supervision of classified staff will occur as part of the process in which faculty expectations are discussed with the department chair and/or dean, or during the appropriate period in which annual performance planning for officers and exempt personnel occurs.
2. Tracking to make sure that supervisors have successfully completed performance evaluations of classified staff employees
  - a. The tracking process consists of three steps:
    - (1) a proactive, advance reminder of the due dates by which supervisors must complete written performance evaluations for classified staff whom they supervise;

\*\* Subsequent to adoption of this policy by the Board of Regents, the State Personnel Director deferred the effective date of initial performance award payments until July 1, 2002.

- (2) a “final notice” to deans, vice chancellors, and other officers who are appointing authorities about performance evaluations that are outstanding, and the sanctions that they must then apply to supervisors who remain delinquent in completing the evaluations;
    - (3) the application of specific sanctions to supervisors who are out of compliance.
  - b. In January each year, the campus Human Resources department will send out appropriate campus-wide reminders about the April 1 deadline for completing evaluations of classified staff employees’ performance during the prior appraisal year (i.e., March 1 to February 28) -- including review of these evaluations by the next-highest level individuals and the submission of the written evaluation documents to the campus Human Resources department.
  - c. No later than April 30 of each year, the campus human resources department will provide a “final notice” to the appropriate deans, vice chancellors, or other officers who are appointing authorities.
    - (1) Such notice will identify classified staff employees for whom a performance evaluation has not been submitted and will list the supervisor believed to be responsible for completing the evaluation.
    - (2) Such notice will indicate that, absent extraordinary circumstances, the supervisor must complete the delinquent evaluation not later than May 31.
    - (3) Such notice will indicate that sanctions must be imposed for a supervisor’s failure to complete the performance evaluations including: for classified supervisors - corrective action, five-day unpaid suspension, and ineligibility for a performance pay award; and for faculty, officers, and exempt staff supervisors - disciplinary action, five-day unpaid suspension, and potential impact on salary merit increases.

C. Applying Sanctions to Non-Compliant Supervisors

- 1. Classified Staff Supervisors: Absent any extraordinary circumstances, classified staff supervisors who have not completed evaluations for the classified employees whom they supervise by May 31:
  - a. Shall receive an immediate corrective action, effective June 1, with terms and conditions governed by the *State Personnel Rules*; and
  - b. will be ineligible for a performance award. (That is, even if the classified staff supervisor receives an overall performance rating that is higher than Level 1, s/he may not receive a performance pay award if the supervisory duties cited in I.A have not been fulfilled within the timeframe described in this supervisor accountability provision.)
  - c. If, within 30 days of the corrective action, supervisors have still not completed an evaluation, they will be placed on a five-day unpaid suspension.

(In addition, State law requires that all supervisors must complete evaluations by July 1 or face further sanctions.)



2. All Other Supervisors: Absent any extraordinary circumstances, faculty, officer, or exempt staff supervisors who have not completed evaluations for the classified employees whom they supervise by May 31:
- a. Shall receive a disciplinary action from the dean (for faculty) or from the appointing authority (for officers and exempt personnel):
    - (1) For faculty supervisors: Disciplinary action by the dean shall be for “neglect of duty.” The specific nature of the disciplinary action shall be the prerogative of the dean.
    - (2) For officers and exempt personnel supervisors: Disciplinary action by the appointing authority shall be for “neglect of duty.” The specific nature of the disciplinary action shall be the prerogative of the appointing authority.
  - b. Such disciplinary action will be effective as of June 1.
  - c. Further disciplinary action shall include suspension from work without pay for a period of not less than one work week if faculty, officer, or exempt staff supervisors have still not completed evaluations on or before June 30.
  - d. The continued failure to complete evaluations for classified staff may affect the annual merit increases for faculty, officers, or exempt staff supervisors.

(See also Regent policies 11-F.1 and 11-F.2.)

**UNIVERSITY OF COLORADO SYSTEM  
PERFORMANCE PAY PROGRAM  
DISPUTE RESOLUTION PROCESS**

## **UNIVERSITY OF COLORADO PERFORMANCE PAY PROGRAM**

### **DISPUTE RESOLUTION PROCESS**

In some cases, employees classified in the state personnel system may question or disagree with matters regarding their performance plans and/or final overall performance evaluation ratings. Therefore, the State Personnel Director has established a formal dispute resolution process to resolve contested performance management and performance pay issues as quickly and efficiently as possible.

The formal dispute resolution process defined by the State Personnel Director consists of two stages: internal and external. The internal stage occurs within the University; the State Personnel Director administers the external stage. (Specific details are explained below in “Stages in the Dispute Resolution Process.”)

The University of Colorado Dispute Resolution Process conforms to the State Personnel rules and procedures that prescribe which issues may be disputed and the timeframes for filing disputes and rendering decisions. The State Personnel Director will have approved this process in advance of it being applied at the University.

Each University of Colorado employee who is classified in the state personnel system will receive written information about the University’s Dispute Resolution Process at the time of his/her final overall performance evaluation. A line will be included on the “Performance Planning and Evaluation” form for the employee and supervisor to certify that the dispute resolution process was explained to the employee and that the name of the appointing authority (or designee) who will serve as the internal decision-maker was provided to the employee. Written information also may be provided through pre-printing the dispute resolution criteria, steps and timelines on the “Performance Planning and Evaluation” form and/or by making printed copies of this process description easily accessible to employees. In addition, information about the dispute resolution process is included in training materials

#### **A. Guiding Principles:**

The dispute resolution process is intended to be an open, impartial process that allows the parties an opportunity to have issues presented. The process is not intended to be adversarial. Rather, it encourages dialogue and communication to resolve problems. In addition, a dispute resolution process can be structured to preserve working relationships and promote quality assurance in performance planning and evaluation.

The dispute resolution process is a non-adversarial administrative procedure. Therefore, no party has an absolute right to legal representation. The parties normally are expected to represent and speak for themselves about matters related to performance management and evaluation.

However, any party may have an advisor present. (An “advisor” is defined in the State personnel rules and administrative procedures as an “individual who assists a party during a grievance or the performance management review process by explaining the process, helping identify the issues, preparing documents, and attending meetings”(P-12-1).

**Retaliation against any person(s) involved in the Dispute Resolution Process is prohibited. For purposes of the University’s Dispute Resolution Process internal stage, retaliation means any adverse action against individuals because they have, in good faith, initiated a request for review of a disputable issue related to a performance plan or final overall performance evaluation and/or have participated in the process to resolve the dispute.**

## **B. Disputable Issues**

The State Personnel Director retains jurisdiction for disputes related to performance evaluations that do not result in corrective or disciplinary action. Therefore, the Director has the authority to define the specific performance pay matters that may be disputed by an employee and to specify the stages (levels) at which these matters will be reviewed.

The Director has determined that only the following matters may be disputed and reviewed as part of the dispute resolution process:

1. The individual performance plan, including lack of a plan during the performance planning cycle<sup>1</sup>.
2. The individual final overall performance evaluation rating, including lack of a final overall rating;
3. The application of the University’s performance pay program (or an approved campus modification of the program) to the individual employee’s plan and/or final overall performance evaluation; and/or
4. Full payment of the award<sup>2</sup>.

The first two issues must be decided at the first stage and are not reviewable further. Issues 3 and 4, if not resolved at the agency or higher education institution level, are reviewable at the second stage.

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<sup>1</sup> At the University of Colorado, plans cover expectations for the employee’s performance during the period March 1 through last day of the subsequent February and should be in place by March 31.

Consistent with the University’s “Supervisor Accountability Provision,” all final overall performance evaluations must be completed by supervisors (raters), reviewed by the next-highest-level in the organizational unit, discussed formally with the employee, and submitted to the Human Resources department no later than April 1.

<sup>2</sup> Consistent with State guidelines, base-building awards at the University of Colorado, will be effective July 1. Non-base building awards will be paid in a lump sum, as required by state guidelines. The University will make this lump sum payment no later than July 31.

The following matters may not be disputed and are not subject to consideration in the dispute resolution process:

1. The content of the University's performance pay program (or an approved campus modification of the program);
2. Matters related to the funds appropriated for performance awards;
3. The performance evaluations and performance awards of other employees; and
4. The amount of an individual's performance award, including whether it is base building, non-base building, any combination, or none -- unless the issue involves how the University's program is applied and is covered by the third disputable issue.

### **C. Stages in the Dispute Resolution Process**

The formal dispute resolution process defined by the State Personnel Director consists of two stages: internal and external. The internal stage is conducted by, and occurs within, the University and may include review of any or all of four disputable issues listed previously. The external stage is administered by the State Personnel Director and review at this stage is limited to two issues only: (1) the application of the University's performance pay program (or an approved campus modification of the program) to the individual employee's performance plan and/or final overall performance evaluation and/or (2) full payment of the award.

Final resolution of issues concerning the individual's performance plan (or lack of plan) and the individual's final overall performance evaluation—items #1 and #2 above— will occur at the internal stage (within the University) and employees will have no further recourse for resolution of disputes related to these matters.

Disputes concerning application of the University's performance pay program (or an approved campus modification of the program) and/or full payment of an award (if relevant) may proceed to review by the state personnel director (external stage) – but only after completion of the internal (University) stage.

#### **1. Internal Stage: University Of Colorado**

The internal dispute resolution process for the University of Colorado will be uniform across the four campuses and in System Administration. Campuses may not modify the University's dispute resolution process.

Every effort should be made by the employee and rater (normally the employee's supervisor) to resolve the issue at the lowest possible level. Informal resolution – between the employee and his/her supervisor— is strongly encouraged before an employee initiates a formal dispute. That is, it is assumed that the employee and his/her supervisor will have discussed

and attempted to resolve any disagreements or concerns during the meeting at which the supervisor formally presents the employee with his/her final overall performance evaluation.

a. Decision Makers for the Internal Stage

Due to the size and complexity of the four-campus University of Colorado System, the President has delegated appointing authority to the campus chancellors and the chancellors have delegated various degrees of appointing authority downward throughout the campuses' organizational structures.

For purposes of the University's Performance Pay Program Dispute Resolution Process, the chancellors have delegated (in writing) the decision-making authority to resolve CU Performance Pay Program disputes to appointing authorities (or designees) within the campus. This particular delegation of authority for CU Performance Pay Program dispute resolution -- and any annual changes to the delegation -- is made no later than the last day of February in order to be in effect prior to the period during which employee performance evaluations are conducted. For System Administration employees classified in the state personnel system, the appointing authority's designee for the dispute resolution process is the Associate Vice President for Human Relations and Risk Management.

The written delegation includes the provision that, if the appointing authority (or designee) is also responsible for rating one or more employees classified in the state personnel system, the delegated decision-making authority shall revert to the next-highest level so that the rater will not be the decision-maker in the event of a dispute.

The role of the appointing authority (or designee) is to review the information presented, to address only those facts surrounding the disputed issues, and to render an impartial decision. The appointing authority (or designee) shall not substitute his/her judgment for that of the individual who conducted the final overall performance evaluation (the rater). Further, the appointing authority shall not render a decision that would alter the University's (or approved campus-customized) performance pay program, policies, and processes. In reaching a decision to resolve the dispute, the appointing authority (or designee) has the authority to instruct a rater to: (1) follow the University's (or approved campus-customized) performance pay program, (2) correct an error, or (3) reconsider a final overall performance evaluation; or (4) suggest other appropriate processes such as mediation.

b. Procedural Steps in the Internal Stage:

The employee must initiate the internal review process by requesting a review of the disputable issue or issues in writing. The request must be submitted on the standard University form for this purpose. A copy of the form is attached to this plan.

The written request must be filed within five (5) working days after the meeting at which the rater (normally the employee's supervisor) formally presents the employee with his/her final overall performance evaluation and during which the employee and rater discuss the performance rating.

The request must be submitted to the appointing authority (or designee), whose name will be provided to the employee by the rater when both parties sign the cover sheet of the "Performance Planning and Evaluation Form." Copies of the written request must be submitted to the supervisor and to the campus Human Resources Department.

Within five (5) working days after the request is received by the appointing authority (or designee) -- unless there are mitigating or extenuating circumstances that impede meeting this deadline -- the appointing authority (or designee) must meet with the employee, the rater (normally the employee's supervisor) and, as far as is practicable, with any others whom the employee and/or the rater deem to have pertinent information. Regardless of the number of parties involved, the appointing authority (or designee) remains responsible for scheduling the meeting(s) with the affected parties and for adhering to the schedule for completion of the review.

Within five (5) working days after all necessary meetings are conducted -- unless there are mitigating or extenuating circumstances that impede meeting this deadline -- the appointing authority (or designee) must render a written decision. In making the decision, the appointing authority (or designee) is limited to considering only those issues described earlier as disputable issues.

c. Written Notices

Within five (5) working days of completion of the internal stage, the appointing authority (or designee) will provide a written notice of the decision to the employee and will submit a copy of the decision to the campus Human Resources Department.

The employee will also receive a written notice explaining that s/he may submit a written request to the State Personnel Director for further (external) review, provided the original dispute concerned either (a) application of the University's performance pay program (or an approved campus modification of the program); and/or (b) full payment of an award. This notice will indicate the address to which the written request for external review should be mailed.



## 2. External Stage: State Personnel Director

An employee may request review by the State Personnel Director. However, only the original issues involving (1) the application of the University's performance pay program (or an approved campus modification of the program) to the individual employee's plan and/or final overall performance evaluation and/or (2) full payment of the award may advance to the external stage for review by the State Personnel Director. And, these issues may not advance to the State Personnel Director until they have been reviewed at the internal (University) stage and an internal decision has been rendered.

An employee must file a written request for external review with the State Personnel Director within five (5) working days from the date the internal (University) decision is received. A copy of this written request also must be sent to the campus Human Resources Department.

The written request for external review by the State Personnel Director must include: (1) a copy of the original written performance management issue(s) raised by the employee (i.e., the form submitted by the employee to the appointing authority); and (2) the final written decision from the internal review stage.

All requests for review by the State Personnel Director are subject to an initial screening to determine if review is warranted. Such screening shall be based on specific criteria established by the State Personnel Director. If determination is made that further review is not warranted, such decision is final and binding and the employee will be notified accordingly.

If further review is warranted, the Director, or designee, shall select a qualified neutral third party. The neutral third party has 30 days to issue a written decision, which is final and binding.

# UNIVERSITY OF COLORADO PERFORMANCE PAY PROGRAM

## DISPUTE RESOLUTION PROCESS

### REQUEST FOR INTERNAL UNIVERSITY REVIEW

**Retaliation against any person(s) involved in the Dispute Resolution Process is prohibited.**

DATE: \_\_\_\_\_

EMPLOYEE'S NAME: \_\_\_\_\_

JOB TITLE: \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_

PERSON WHO COMPLETED MY PERFORMANCE PLAN OR FINAL OVERALL PERFORMANCE EVALUATION: \_\_\_\_\_

I wish to have the following reviewed:

\_\_\_\_ 1. My performance plan or lack of a plan. I believe the error or problem is:

\_\_\_\_ 2. My final overall performance evaluation. I believe the error or problem is:

\_\_\_\_ 3. The application of the CU Performance Pay Program to my plan or final overall performance evaluation. I believe the error or problem is:

\_\_\_\_ 4. Full payment of my award. I believe the error or problem is:

To resolve this issue, I have taken the following actions:

I request the following resolution:

EMPLOYEE'S SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

For additional information, consult your supervisor or the Human Resources Department. Submit the original of this form to the appointing authority (or designee) whose name was provided by your supervisor during discussion of your final overall performance evaluation. Submit copies: (1) to your supervisor and (2) to the Human Resources Department.

**UNIVERSITY OF COLORADO SYSTEM  
PERFORMANCE PAY PROGRAM  
PRINCIPLES FOR PERFORMANCE AWARDS**

**UNIVERSITY OF COLORADO SYSTEM  
PERFORMANCE PAY PROGRAM FOR CLASSIFIED STAFF**

Boulder Campus ▪ Colorado Springs Campus ▪ Denver Campus ▪ Health Sciences Center ▪ System Administration

**PRINCIPLES FOR PERFORMANCE AWARDS**

**A. OVERALL ASSUMPTIONS:**

1. These principles apply only to Fiscal Year 2003; that is, to performance awards that would be effective July 1, 2002.
2. These principles are intended to comply with the State of Colorado Performance Pay System<sup>1</sup>. In certain cases, therefore, these principles are constrained by statewide provisions that are not within the University's discretion – such as a requirement for cost neutrality, rules governing award percentages; mandated annualization of individual awards based on the employee's anniversary date (the University of Colorado is asking for this provision to be reviewed); and state fiscal rules.
3. These principles will be revised for subsequent fiscal years if the State Personnel Director makes changes to the statewide performance pay system; or if the University chose to implement differently those aspects of the performance pay system for which the State permits options.
4. These principles apply only to performance awards and do not affect the Salary Survey process. Salary Survey adjustments will continue as required by law and these adjustments will be applied, if applicable, to an employee's base salary prior to any performance award.
5. Per State personnel rules and procedures, performance awards are not guaranteed and are subject to available funding. However, insofar as awards are provided within the University of Colorado System Performance Pay Program (PPP), these principles specify: (a) the eligibility criteria for the awards and (b) the manner in which the award percentages will be determined.
6. Only permanent classified employees who are eligible for an overall final evaluation may receive performance awards.

**B. SPECIFIC PRINCIPLES**

1. Eligibility for performance awards will be based on the level of an employee's performance rating. The State requires the use of four rating levels and, at the University's discretion, these levels are uniformly identified for all campuses as: Level 1 (Unsatisfactory, 100-180 points), Level 2 (Satisfactory, 181-280 points), Level 3 (Above Standard, 281-360 points), and Level 4 (Outstanding, 361-400 points).

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<sup>1</sup> Submitted by the Colorado Department of Personnel to the Joint Budget Committee on August 31, 2001 and with permanent aspects incorporated into the State Personnel rules and administrative procedures during 2001. Parameters and directions for the transition year, as temporary phenomena, are not contained in the rules and procedures.

At the University's discretion, the performance rating level – not the point score on the performance evaluation form that converts to a rating level – will determine the award percentages for Level 2 (X%), Level 3 (Y%), and Level 4 (Z%). Employees who receive a Level 1(Unsatisfactory) rating are not eligible for performance awards.

2. Per the State requirement that agencies must specify minimum common criteria for providing base-building, non-base building, or combination, performance awards, the University will provide base building awards to the maximum extent possible at all campuses -- subject only to the State's pay grade maximum constraint -- in order to retain a skilled workforce systemwide.

Therefore, performance awards for employees who are below the pay range maximum<sup>2</sup>, and who receive either a Level 2 (X%), Level 3 (Y%), or Level 4 (Z%) rating, will be base-building awards. For Level 2- and Level 3-rated employees, the base building award will not exceed the pay range maximum. For Level 4 rated-employees, any amount in excess of the pay range maximum will be provided as a non-base building award. Base building awards will be added to the employee's base salary. This principle will be reviewed after the first year transition.

Employees at or above the pay range maximum will receive performance awards only if they have a Level 4 (Z%) rating, the award will be non-base building, and the award will be paid out as a lump sum. The University's PPP implementation plan directs that this lump sum will be paid no later than July 31 and will not be added to base salary.

This principle is illustrated in tabular form below.

University of Colorado Employee Eligibility for Performance Award				
Employee Rating	Employee Salary Below Pay Range Max		Employee Salary At or Above Pay Range Max	
	Base Building	Non-Base Building		
Level 1	Not eligible for a performance award			
Level 2	X%, with dollar increase not to exceed pay range max	--	--	--
Level 3	Y%, with dollar increase not to exceed pay range max	--	--	--
Level 4	Z%, with dollar increase not to exceed pay range max <u>and</u> Z% will not exceed the maximum value established by State Personnel Director	Any amount in excess of the pay range maximum will be paid as non-base building for that year	--	Z%

3. The State of Colorado Performance Pay System document stipulates that the total cost of performance awards must be cost neutral for the initial transition year from anniversary increases to performance awards. At the University's discretion, cost neutral will be determined at each CU campus, and will be the estimated salary amount that would have been paid from unrestricted general funds at that campus in FY 2003 if the traditional anniversary increase process had continued.
4. At the University's discretion, each campus will determine campus-specific single point values for X%, Y% and Z%, within the cost neutral amount for that campus, to reflect the State requirement that maximum award percentages be based on budget, salary distribution, and the

<sup>2</sup> The State Department of Personnel assigns a pay range to each job class that reflects the minimum and maximum base salary rates for work in that specific class. Individual salaries vary within these ranges.

distribution of ratings, while recognizing the separate budget authority and unique demographics of each campus. These values will be consistent with the State requirements noted:

- a) Z% will not exceed the maximum percentage set annually by the Executive Director, Department of Personnel. For Fiscal Year 2003, the maximum value of Z% is 10%.
  - b) The values for X%, Y% and Z% will be determined after the conclusion of the evaluation process at each campus and will be based on the distribution of actual performance ratings awarded to eligible classified employees at that campus.
  - c) The value of X% will be greater than 0 and the award percentage for each successively higher level of performance will be greater than the maximum award percentage for the lower level.
  - d) There will be an appreciable distinction between the values of Y% and Z%, because State personnel rules and procedures state that “the outstanding level is unique and difficult to achieve because it represents consistently exceptional performance or achievement beyond the regular assignment. . . .”
  - e) The values for X%, Y% and Z% at each campus will be applied to eligible classified staff employees in all fund groups regardless of the funding source(s) for the position.
5. To determine the actual dollar amount of an award, the appropriate award percentage (X%, Y%, or Z%) will be applied to an eligible employee’s base salary as follows:
- a) The employee’s base salary will be adjusted for salary survey, if applicable.
  - b) The employee’s adjusted base salary will be multiplied by the appropriate percentage (X%, Y%, or Z%). This calculation applies to determining both base building and non-base building awards.
  - c) The State of Colorado Performance Pay System document stipulates that – for the initial transition year from anniversary increases to performance awards – the dollar amount of the award determined by the calculation in 5.b will be adjusted (annualized) based on the employee’s anniversary date (or his/her state service date, if hired, after July 1, 2001.)

Subsequently, the Executive Director of the Department of the Personnel and Administration (DPA) stated in a January 2, 2002 memo to the University of Colorado regarding annualization of Performance Pay:

*During the transition year, a department or higher education institution may exempt from the pro-rating (annualization) requirement all employees with more than one year of experience who did not receive an anniversary increase in the prior year. All other employees are subject to pro-rating.*

The University of Colorado will implement annualization of Performance Pay as stated in the Executive Director’s memo. This annualization applies to both base building and non-base building awards.